REMARKS

Applicant replies to the Final Office Action dated October 6, 2006 within two months. Thus, Applicant requests an Advisory Action, if necessary. Claims 1-23 were pending in the application and the Examiner rejects claims 1-23. Reconsideration of this application is respectfully requested.

Applicant thanks the Examiner for the courtesies of the Examiner interview on November 30, 2006. During the interview, Applicant clarified the meaning of "credit limit" and "spending power", and confirmed that the presently claimed invention goes beyond merely setting or resetting a credit limit.

The Examiner rejects claims 1-23 under 35 U.S.C. § 102(e) as being anticipated by Praisner et al., U.S. Patent Publication No. 2002/0174030 ("Praisner"). Applicants respectfully traverse this rejection.

Praisner discloses a system wherein a bank sets a "master credit limit" for an entity, and the entity provides a "dynamic payment card" to employees to allow execution of any company-approved transactions, such that the dynamic payment card "preserves existing purchasing card functionality including standard credit limits on a per card basis" (Praisner, paragraph 128). Furthermore, in the example provided by Praisner beginning in paragraph 151, the master credit limit is $200,000, and this $200,000 credit limit is not affected by employees Mary, Ann, Tom, Sam, Sally, and/or any other employee having access to the master credit limit. Praisner discloses multiple cards being distributed to employees, wherein each employee has an associated credit limit; however, the credit limit extended to each employee has no affect on the master credit limit. In other words, the master credit limit disclosed in Praisner will always be $200,000, and the master spending power is reduced **in direct proportion** to the spending power reduction of the employees.

In maintaining the previous rejection, the Examiner asserts in reference to Praisner, "The parent spending power has already been set by the issuing company for the credit line. The company may increase the amount of the credit line, if necessary. Thus, the parent spending power is reduced by an amount less than the subsidiary when the subsidiary account is linked. The subsidiary spending power will decrease, but the company holds the power to increase or maintain the credit line without the subsidiary account spending power affecting the master limit" (page 3, paragraph 1).

Applicant appreciates that it is common for credit card issuers to assign a credit limit to a revolving line of credit. Furthermore, the issuer may increase or decrease that limit at any time based on credit history, payment history, etc. The recipient of the credit card may also affect the credit limit by requesting an increase or a decrease. However, the present invention goes well beyond simply increasing and decreasing a credit limit, as will be described in greater detail below.

As is common in the art, a credit limit does not change in relation to the amount of that credit limit that is consumed. For example, a cardholder has been given a $5000 credit limit and then uses $2000 of that credit limit to make a purchase. The cardholder's credit limit remains at $5000; however, his spending power has now been reduced to $3000, because that is the remaining line of credit balance. Thus, credit limits remain constant unless modified by either the issuer or the line of credit owner. In contrast, spending power is fluid, in that it fluctuates according to the available line of credit. Accordingly, the originally filed specification of the instant application presents the following example:

> "To illustrate, it may be helpful to consider a parent card having a spending power of $5000. If the parent desires to establish a subsidiary card account with a spending capacity of $1000, and [sic] exemplary system may respond by establishing the subsidiary card account with the desired spending capacity of $1000 and may also reduce the spending power of the parent card account from the $5000 to a lower amount, for example, $4500" (page 11, paragraph 2).

Note that using the above example under the prior art, the spending power for the parent would be reduced to $4,000. Significantly, and contrary to the prior art (specifically contrary to the Praisner reference), the presently claimed invention provides for the allocation of risk between the issuer and the owner of the master account. This is favorable to the owner of the master account in that she is not penalized with a reduced spending power that is proportionate to the credit limit set for a subsidiary. In other words, the master account owner maintains a greater proportion of spending power when issuing lines of credit to subsidiaries than would otherwise be appreciated under prior art lines of credit. And, while the issuer shares the risk with the master account owner, according to the presently claimed invention, an issuer presenting lines of credit under the disclosed shared risk model would likely attract new higher-tier customers and build loyalty among existing account owners. As such, Praisner does not disclose or suggest at least, "subsidiary spending power is configured to consume a portion of said parent spending

power" and "reducing, at said host computer, said parent spending power by an amount less than said subsidiary spending power when said subsidiary account is linked to said parent account," as similarly recited in independent claims 1, 11 and 12.

Claims 2-10 and 13-23 variously depend from independent claims 1 and 12. As such, dependent claims 2-10 and 13-23 are allowable for at least the same reasons as set forth above, as well as in view of their own respective features.

In view of the above remarks, Applicants respectfully submit that all pending claims properly set forth that which Applicants regard as their invention and are allowable over the cited references. Accordingly, Applicants respectfully request allowance of the pending claims. The Examiner is invited to telephone the undersigned at the Examiner's convenience, if that would help further prosecution of the subject application. Applicants authorize and respectfully request that any fees due be charged to Deposit Account No. 19-2814.

Respectfully submitted,

Dated: November 30, 2006

Howard I. Sobelman
Reg. No. 39,038

SNELL & WILMER L.L.P.
400 E. Van Buren
One Arizona Center
Phoenix, Arizona 85004
Phone: 602-382-6228
Fax: 602-382-6070
Email: hsobelman@swlaw.com